HEIWA REAL ESTATE REIT, Inc.

September 24, 2026

For Immediate Release

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Notice Concerning Revision of Management Status and Distribution Forecasts for Fiscal Period Ending May 2027 (51st Fiscal Period)

HEIWA REAL ESTATE REIT, Inc. (the "Investment Corporation") announced revisions to the management status and distribution forecasts for the fiscal period ending May 2027 (51st Fiscal Period: December 1, 2026 to May 31, 2027) announced in the "Financial Report for Fiscal Period Ended May 2026" released on July 16, 2026 (the "Previous Forecasts"). The details are as follows.

Details

1. Revision of Management Status and Distribution Forecasts for Fiscal Period Ending May 2027 (51st Fiscal Period)

	Operating revenue (million yen)	Operating income (million yen)	Ordinary income (million yen)	Net income (million yen)	Distribution per unit (yen)
Previous forecast (A)	9,764	4,734	3,497	3,496	4,040
Revised forecast (B)	9,903	4,812	3,501	3,501	4,070
Variance (B) – (A)	139	77	4	4	30
Variance (%)	1.4	1.6	0.1	0.1	0.7

(Reference) The expected number of units issued and outstanding at the end of the fiscal period ending May 31, 2027: 1,343,533

2. Reasons for revising the Management Status and Distribution Forecasts

As described in the "Notice Concerning Acquisition of Domestic Asset (HF AKISHIMA EKIMAE BUILDING)" issued today, the Investment Corporation decided to acquire HF AKISHIMA EKIMAE BUILDING. In light of the acquisition of HF MIZUE RESIDENCE and HF HIGASHIMIZUE RESIDENCE on August 7, 2026, following the announcement of the Previous Forecasts, the acquisition of the asset to be acquired, and the recent operating performance of the Investment Corporation's existing properties, certain assumptions underlying the management status forecasts for the fiscal period ending May 2027 (51st Fiscal Period), announced on July 16, 2026, have changed. Accordingly, the Investment Corporation has revised the management status forecasts because the distribution per unit for the fiscal period is expected to differ from the previously announced forecast by 30 yen. The impact on the management status forecasts for the fiscal period ending November 2026 (50th Fiscal Period) is minor, and the management status forecasts remain unchanged.

【Notes】

1. The above figures are the current forecasts calculated based on the assumptions stated in the attachment entitled "Main Assumptions for Management Status Forecasts for the Fiscal Period Ending May 2027 (51st Fiscal Period)." Therefore, it is possible that actual operating revenue, operating income, ordinary income, net income and distribution per unit will vary from the forecasts. These forecasts do not guarantee actual distributions.
2. The Investment Corporation may revise forecasts in the future if a significant discrepancy from the figures above is expected.
3. As of today, the Investment Corporation owns 141 properties in the form of real estate and real estate trust beneficiary rights. In addition, as stated in the attachment entitled "Main Assumptions for Management Status Forecasts for the Fiscal Period Ending May 2027 (51st Fiscal Period)," the Investment Corporation plans to acquire a real estate trust beneficiary right in one property by the end of the fiscal period ending November 2026 (50th Fiscal Period).
4. Amounts are rounded down to the nearest specified unit, and the rate of increase/decrease is rounded to the first decimal place.

* Investment Corporation Website: https://www.heiwa-re.co.jp/en/

[Attachment] Main assumptions for management status forecasts for Fiscal Period Ending May 2027(51st Fiscal Period)

Item	Assumptions
Management Period	51st Fiscal Period: from December 1, 2026 to May 31, 2027 (182 days)
Assets under Management	・ The forecasts are based on the assumption that, in addition to the 136 properties owned as of May 31, 2026, the Investment Corporation acquired the HF UENO INARICHO BUILDING and the HF KITA JUJO BUILDING on June 3, 2026, the HF CHIBA FUJIMI BUILDING on June 5, 2026, and the HF MIZUE RESIDENCE and the HF HIGASHIMIZUE RESIDENCE on August 7, 2026, and will acquire the HF AKISHIMA EKIMAE BUILDING on September 29, 2026. The actual number may vary if properties are newly acquired, disposed, etc.
Total outstanding investment units	・ Assumptions are based on a total of 1,343,533 investment units issued and outstanding, consisting of 1,251,533 investment units issued and outstanding as of May 31, 2026, plus 87,700 new investment units issued through a public offering and 4,300 new investment units issued through a third-party allotment in connection with the secondary offering by way of overallotment, as resolved at the Board of Directors meetings held on May 18 and May 21, 2026. ・ Distribution per unit is calculated based on the assumption that the total number of investment units issued and outstanding at the end of the period will be 1,343,533 units.
Operating revenues	・ Operating revenue is calculated based on the assumption of the above assets under management. ・ Operating revenue is calculated based on the historical performance of the assets under management, taking into account cancellation notices currently received, future market conditions and other relevant factors.
Operating expenses	・ Operating expenses are calculated based on the assumption of the above assets under management. ・ Assumptions concerning major operating expenses are as follows: 51st fiscal period (from December 1, 2026 to May 31, 2027) Public charges and taxes (fixed property tax, city planning tax, etc.): ¥652 million Repair expenses: ¥368 million Management commissions: ¥1,006 million Depreciation: ¥1,266 million ・ Fixed property tax, city planning tax, etc. associated with properties held are accounted for as expenses related to leasing business by posting the amounts corresponding to the relevant calculation period from the amount of tax determined to be due. Although fixed property tax, city planning tax, etc., on the buying and selling of real estate properties is generally calculated on a pro-rata basis with former owners and settled at the time of acquisition, the amount equivalent to the settlement money is not expensed, as it is included in the acquisition cost. Fixed property tax, city planning tax, etc. associated with the asset to be acquired will begin to be recorded as expenses from the fiscal period ending November 30, 2027 (52nd Fiscal Period). ・ For repair expenses, an amount deemed necessary during the period based on the maintenance and repair plans for the properties is posted. ・ Emergency costs may arise as a result of unforeseeable factors, and actual operating expenses may therefore vary significantly from the forecast.
Non-operating expenses	・ The Investment Corporation expects to record ¥1,305 million in interest expenses (including interest on investment corporation bonds) and financing-related expenses for the fiscal period ending May 31, 2027 (51st Fiscal Period). In addition, the Investment Corporation expects to record ¥28 million in amortization of investment corporation bond issuance costs and investment unit issuance expenses

	for the same fiscal period.
Interest-bearing liabilities	・As of today, the outstanding balance of the Investment Corporation's interest-bearing liabilities is ¥140,690 million. ・The forecasts are based on the assumption that the Investment Corporation will borrow an additional ¥2,300 million in September 2026 to partially fund the acquisition of the asset to be acquired and for other purposes, resulting in an outstanding balance of interest-bearing liabilities of ¥142,990 million as of the end of the fiscal period ending May 2027 (51st Fiscal Period). ・The Investment Corporation assumes that it will refinance the loans that mature during the fiscal period ending November 30, 2026 (50th Fiscal Period) and the fiscal period ending May 31, 2027 (51st Fiscal Period).
Distributions per unit (excluding distributions in excess of earnings)	・Distributions per unit are calculated based on the policy on the distribution of monies prescribed in the bylaw. ・Distributions for the fiscal period ending May 31, 2027 (51st Fiscal Period) are calculated on the assumption that the Investment Corporation will distribute a total of ¥5,468 million, or ¥4,070 per unit, comprising expected net income of ¥3,501 million, the expected reversal of the reserve for temporary difference adjustments and a portion of retained earnings brought forward. ・Distributions per unit may vary due to various factors, including changes in rental income resulting from changes in assets under management or tenants, and unexpected repairs.
Distributions in excess of earnings per unit	・Distributions in excess of earnings are not planned at this point in time.
Other	・The Investment Corporation assumes that there will be no amendments to laws, the tax system, accounting standards, the rules of the Tokyo Stock Exchange, the rules of the Investment Management Association of Japan, or other relevant rules and regulations that would affect the above forecast figures. ・The Investment Corporation assumes that no major unforeseen changes will occur in the general economic trends, real estate market conditions, etc.